# The Top 300 Mortgage Companies

## Based on Volume of Permanent Mortgages Serviced on June 30, 1984 (a)

Compiled by American Banker Copyright 1984

| Rank 6/30/84 | Name of Firm and Headquarters City | Dollar Volume of Mortgages Serviced 6/30/84 | 6/30/83 | Rank 6/30/83 | Gain in Rank | No. of Mortgages Serviced 6/30/84 | No. of Investors 6/30/84 Excluding GNMA Pools | GNMA Pools |
|---|---|---|---|---|---|---|---|---|
| 201 | Home Mortgage Co. of El Paso, Tex. | 401,000,000 | 295,000,000 | 217 | + 16 | 15,700 | 45 | 95 |
| 202 | Doane Western, Inc., Aurora, Colo. | 400,000,000 | 360,000,000 | 201 | | 750 | 3 | 0 |
| 203 | Third National Mortgage Co., Nashville | 391,907,278 | 333,920,393 | 210 | + 7 | 8,026 | 70 | 56 |
| 204 | Lowell, Smith & Evers, Inc., Garden City, N.Y. | 391,150,000 | 361,000,000 | 200 | | 17,450 | 36 | 100 |
| 205 | SouthTrust Mortgage Corp., Birmingham, Ala. (p) | 387,435,664 | 270,662,973 | 228 | + 23 | 7,127 | 25 | 44 |
| 206 | Laurance Eustis Mortgage Corp., New Orleans, La. | 385,859,893 | 324,369,000 | 212 | + 6 | 6,242 | 29 | 98 |
| 207 | Housing Mortgage Corp., Pittsburgh | 384,537,562 | 369,783,039 | 193 | | 12,840 | 98 | 34 |
| 208 | Stockton, White & Co., Raleigh, N.C. | 383,646,278 | 403,673,699 | 180 | | 10,547 | 63 | 48 |
| 209 | Oklahoma Mortgage Co., Inc., Oklahoma City | 380,377,361 | 364,398,672 | 197 | | 13,679 | 72 | 140 |
| 210 | Eberhardt Co., Minneapolis | 373,900,000 | 366,350,404 | 196 | | 5,586 | 60 | 65 |
| 211 | Unified Mortgage Company, Santa Clara, Calif. | 373,829,398 | ..... | ... | | 4,883 | 45 | 0 |
| 212 | Dickson, Logan, Todd & Barber, Inc., Raleigh, N.C. | 373,403,622 | 257,000,000 | 236 | + 24 | 438 | 8 | 0 |
| 213 | Merchants Mortgage Corp., Indianapolis | 371,941,425 | 340,000,907 | 207 | | 7,691 | 65 | 27 |
| 214 | James B. Nutter & Co., Kansas City, Mo. | 370,000,000 | 359,000,000 | 202 | | 13,328 | 82 | 42 |
| 215 | Millikin Mortgage Co., Decatur, Ill. | 366,200,000 | 374,778,444 | 188 | | 14,506 | 16 | 0 |
| 216 | Beverly Hills Securities Co., Encino, Calif. | 365,563,647 | 280,521,812 | 223 | + 7 | 6,663 | 21 | 81 |
| 217 | Missouri Valley Investment Co., Prairie Village, Kan. | 363,284,084 | 287,000,000 | 219 | + 2 | 9,086 | 34 | 25 |
| 218 | Alaska Pacific Mortgage Co., Anchorage | 361,896,642 | 279,956,000 | 225 | + 7 | 3,725 | 30 | 0 |
| 219 | Mid-States Mortgage Corp., Southfield, Mich. | 361,411,307 | 275,859,471 | 227 | + 8 | 10,656 | 68 | 72 |
| 220 | August Kohn & Co., Inc., Columbia, S.C. | 359,346,923 | 321,165,855 | 213 | | 10,344 | 71 | 71 |
| 221 | Mager Mortgage Co., Tulsa, Okla. | 358,421,000 | 361,517,000 | 199 | | 1,266 | 54 | 0 |
| 222 | M&I Grootemaat Mortgage Corp., Milwaukee, Wis. | 357,833,884 | ..... | ... | | 10,438 | 59 | 94 |
| 223 | Regional Investment Co., Leawood, Kan. | 357,274,759 | 371,944,053 | 189 | | 14,387 | 80 | 166 |
| 224 | Bankers' Funding Corp., Newport Beach, Calif. | 355,661,017 | 225,392,135 | 248 | + 24 | 6,837 | 22 | 45 |
| 225 | First Mortgage Corp., West Covina, Calif. | 341,095,460 | 304,130,548 | 214 | | 6,439 | 13 | 88 |
| 226 | Inland Mortgage Co. Inc., Indianapolis | 337,889,984 | 210,242,488 | 257 | + 31 | 8,015 | 66 | 72 |
| 227 | Cowger & Miller Mortgage Co. Inc., Louisville, Ky. | 336,100,000 | 210,500,000 | 254 | + 27 | 9,733 | 38 | 64 |
| 228 | Criterion Financial Corp., Dallas | 331,983,000 | ..... | ... | | 4,802 | 34 | 152 |
| 229 | Cauble & Co., Atlanta | 327,000,000 | N.A. | ... | | 168 | 6 | 0 |
| 230 | R&G Mortgage Corp., Hato Rey, P.R. | 325,847,035 | 259,643,255 | 235 | + 5 | 9,207 | 29 | 140 |
| 231 | Capital Mortgage Corp., Farmington Hills, Mich. | 310,881,416 | 195,258,235 | 271 | + 40 | 12,867 | 44 | 21 |
| 232 | Guardian Mortgage Co., Inc., Grand Blanc, Mich. | 310,000,000 | 260,000,000 | 232 | | 7,700 | 57 | 100 |
| 233 | Brokers Mortgage Service, West Collingswood, N.J. | 300,267,778 | ..... | ... | | 4,725 | 29 | 0 |
| 234 | Hartger & Willard Mortgage Assoc., Inc., Grand Rapids, Mich. | 297,021,600 | 300,000,000 | 215 | | 1,217 | 22 | 12 |
| 235 | Orbanco Real Estate Services Co., Portland, Ore. | 296,000,000 | 210,000,000 | 259 | + 24 | 4,960 | 40 | 3 |
| 236 | Lincoln Financial Corp., Clearwater, Fla. | 293,307,143 | 210,000,000 | 258 | + 22 | 9,521 | 19 | 83 |
| 237 | Colorado National Mortgage Co., Denver | 291,163,165 | 259,945,361 | 234 | | 5,055 | 109 | 4 |
| 238 | Jones-Cox Mortgage Corp., Dallas | 285,535,988 | 294,821,591 | 218 | | 325 | 12 | 0 |
| 239 | Thomas D. Wood & Co., Coconut Grove, Fla. | 285,000,000 | 260,131,817 | 231 | | 221 | 16 | 0 |
| 240 | Calumet Securities Corp., Schererville, Ind. | 284,444,313 | 267,164,148 | 230 | | 11,841 | 51 | 8 |
| 241 | Mercury Mortgage Co., Inc., Tulsa, Okla. | 284,000,000 | 254,583,000 | 237 | | 9,500 | 28 | 141 |
| 242 | Bank South Mortgage Corp., Atlanta | 279,685,819 | 243,000,000 | 242 | | 7,205 | 46 | 85 |
| 243 | Kirk Mortgage Co., Philadelphia | 270,148,106 | 268,758,000 | 229 | | 14,205 | 31 | 37 |
| 244 | Federated Financial Corp., Atlanta (q) | 268,546,000 | 153,000,000 | 291 | + 47 | 6,013 | 31 | 75 |
| 245 | Cohen Financial Corp., Chicago | 267,200,000 | N.A. | ... | | 189 | 19 | 0 |
| 246 | Pool Mortgage Co., Oklahoma City | 266,611,306 | 191,384,000 | 273 | + 27 | 6,965 | 65 | 58 |
| 247 | American National Mortgage Co., Inc., Fort Worth, Tex. | 263,566,393 | 209,000,000 | 261 | + 14 | 6,266 | 65 | 66 |
| 248 | Southern National Mortgage Co., Charlotte, N.C. | 260,000,000 | 251,000,000 | 238 | | 6,600 | 38 | 118 |
| 249 | Glenn Justice Mortgage Co., Inc., Dallas | 260,000,000 | 287,000,000 | 220 | | 7,550 | 65 | 0 |
| 250 | Colonial Mortgage Corp., Landover, Md. | 256,000,000 | 157,000,000 | 288 | + 38 | 8,384 | 37 | 7 |
| 251 | United Bankers Mortgage Corp., Oklahoma City | 254,498,000 | N.A. | ... | | 5,321 | 20 | 47 |
| 252 | Bancshares Mortgage Co., Spokane, Wash. | 253,000,000 | 420,862,369 | 176 | | 4,276 | 61 | 0 |
| 253 | St. Joseph Mortgage Co., South Bend, Ind. | 252,700,000 | 232,000,000 | 246 | | 5,140 | 83 | 37 |
| 254 | Security Savings Mortgage Corp., North Canton, Ohio | 251,706,976 | 195,874,267 | 270 | + 16 | 9,776 | 118 | 44 |
| 255 | John Burnham & Co., San Diego, Calif. | 251,602,000 | 234,700,000 | 245 | | 826 | 12 | 0 |
| 256 | First Financial Corp., Waco, Tex. | 244,696,704 | 204,138,211 | 265 | + 9 | 15,824 | 4 | 583 |
| 257 | Fidelity Investment Co., Wichita, Kan. | 243,000,000 | 237,500,631 | 244 | | 8,752 | 42 | 64 |
| 258 | Carl I. Brown & Co., Kansas City, Mo. (r) | 240,000,000 | 64,560,396 | 328 | + 70 | 2,700 | 21 | 22 |
| 259 | Holliday Mortgage Corp., Tulsa, Okla. | 236,724,095 | 175,000,000 | 279 | + 20 | 211 | 22 | 22 |
| 260 | Valley Mortgage Corp., Salt Lake City | 234,444,124 | 207,840,734 | 262 | + 2 | 4,173 | 52 | 1 |
| 261 | U.S. Mortgage Corp., Westmont, N.J. | 234,287,030 | 839,658,955 | 108 | | 4,312 | 10 | 54 |
| 262 | Megapolitan Mortgage Co., Denver | 233,000,000 | 230,000,000 | 247 | | 3,717 | 143 | 0 |
| 263 | Stanwell Mortgage, Las Vegas, Nev. | 232,219,811 | 249,328,665 | 240 | | 4,874 | 51 | 5 |
| 264 | National Pacific Mortgage Corp., Cerritos, Calif. | 230,141,607 | N.A. | ... | | 3,154 | 6 | 14 |
| 265 | Hawkeye Bancorp. Mortgage Co., Des Moines, Iowa | 230,050,513 | 190,778,618 | 274 | + 9 | 7,780 | 46 | 47 |
| 266 | Rotan Mosle Mortgage Co. Houston | 229,000,000 | 250,000,000 | 239 | | 142 | 11 | 0 |
| 267 | First NH Mortgage Corp., Manchester, N.H. (s) | 228,101,000 | 171,000,000 | 280 | + 13 | 5,375 | 60 | 1 |
| 268 | Spokane Mortgage Co., Wash. | 227,000,000 | 222,076,000 | 250 | | 5,902 | 18 | 84 |
| 269 | Arlington Mortgage Co., Inc., Falls Church, Va. | 224,747,106 | 210,429,149 | 255 | | 8,039 | 84 | 6 |
| 270 | Wortman & Mann, Inc., Jackson, Miss. | 223,405,316 | 219,097,444 | 251 | | 8,146 | 29 | 63 |
| 271 | Alta Mortgage Co., Concord, Calif. | 221,069,000 | 182,000,000 | 275 | + 4 | 3,766 | 23 | 44 |
| 272 | Towle Real Estate Co., Minneapolis | 216,538,000 | 196,972,333 | 268 | | 623 | 21 | 0 |
| 273 | Republic National Mortgage Corp. of Texas, Dallas | 210,425,000 | 207,000,000 | 263 | | 2,186 | 9 | 0 |
| 274 | Westar Mortgage, Santa Rosa, Calif. | 209,943,000 | 201,537,000 | 266 | | 4,350 | 25 | 0 |
| 275 | GECC Financial Corp., Honolulu | 208,133,250 | 195,952,135 | 269 | | 2,471 | 43 | 0 |
| 276 | Pioneer Mortgage Corp., Shreveport, La. | 204,662,099 | 170,204,000 | 281 | + 5 | 7,901 | 38 | 62 |
| 277 | Fullerton Mortgage & Escrow Co., Calif. | 202,104,900 | 198,000,000 | 267 | | 4,462 | 22 | 54 |
| 278 | First Deed Corp., Walnut Creek, Calif. | 201,000,000 | 218,000,000 | 252 | | 3,475 | 12 | 0 |
| 279 | First Fidelity Mortgage Corp., Atlanta | 197,000,000 | 177,000,000 | 278 | | 37 | 4 | 0 |
| 280 | First City Mortgage Co., Dallas | 195,321,781 | 170,000,000 | 282 | + 2 | 2,371 | 64 | 0 |
| 281 | Beneficial Standard Mortgage Co., Los Angeles | 190,000,000 | 179,864,000 | 277 | | 1,022 | 9 | 0 |
| 282 | AmBank Mortgage Co., Baton Rouge, La. | 189,000,000 | 194,216,000 | 272 | | 5,342 | 28 | 20 |
| 283 | First of America Mortgage Co., Flint, Mich. (t) | 186,357,000 | 205,853,708 | 264 | | 7,350 | 25 | 0 |
| 284 | Barry S. Slatt Mortgage Co., San Francisco | 185,925,505 | 124,596,435 | 304 | + 20 | 290 | 14 | 0 |
| 285 | Turner Corp. of Oklahoma, Inc., Tulsa | 182,391,000 | 168,618,783 | 283 | | 5,307 | 51 | 40 |
| 286 | Boulevard Mortgage Co., Philadelphia | 181,222,327 | 161,446,793 | 286 | | 7,493 | 36 | 55 |
| 287 | Justice Mortgage Co., Inc., Dallas | 180,000,000 | 140,000,000 | 296 | + 9 | 4,450 | 20 | 19 |
| 288 | Singleton Mortgage Corp., Memphis, Tenn. | 176,000,000 | 143,000,000 | 295 | + 7 | 6,200 | 28 | 1 |
| 289 | Hancock Mortgage Corp., Gulfport, Miss. | 173,778,112 | 209,094,530 | 260 | | 3,890 | 47 | 18 |
| 290 | Central Mortgage Bancshares, Inc., Springfield, Mo. | 172,525,491 | 135,414,054 | 300 | + 10 | 6,579 | 35 | 53 |
| 291 | Lindsey & Co./Inc., Sacramento, Calif. | 172,000,000 | 151,334,449 | 292 | + 1 | 2,200 | 24 | 1 |
| 292 | Harry Mortgage Co., Oklahoma City | 170,200,000 | 153,426,393 | 289 | | 5,253 | 52 | 0 |
| 293 | Tracy Mortgage Co., Salt Lake City | 167,560,836 | 153,330,943 | 290 | | 4,142 | 29 | 28 |
| 294 | Atlas Capital Corp., Encino, Calif. | 165,649,927 | N.A. | ... | | 2,843 | 12 | 78 |
| 295 | A.E. Landvoigt, Fairfax, Va. | 162,312,767 | 137,606,547 | 297 | + 2 | 2,650 | 18 | 56 |
| 296 | Carey Winston Co., Bethesda, Md. | 161,476,282 | 161,613,097 | 285 | | 3,186 | 42 | 36 |
| 297 | Inter-City Mortgage Corp., Washington, D.C. | 157,492,750 | 162,083,936 | 284 | | 3,359 | 4 | 2 |
| 298 | Austin Mortgage & Trust Co., Tex. | 157,000,000 | 110,000,000 | 313 | + 15 | 4,800 | 50 | 50 |
| 299 | Dobson & Johnson, Inc., Nashville, Tenn. | 152,757,000 | 181,000,000 | 276 | | 4,081 | 22 | 18 |
| 300 | ABG Associates, Inc., Baltimore | 152,172,100 | N.A. | ... | | 33 | 6 | 1 |

**(a)**— Excludes loans owned by mortgage company. **(p)**— Formerly Jackson Co. **(q)**— Formerly Federated Financial Mortgage Corp. **(r)**— Moved headquarters from Prairie Village, Kansas. **(s)**— Formerly Firstbank Mortgage Corp. **(t)**— Formerly Kelly Mortgage & Investment Co. **N.A.**— Not Available.

# Historically High Prices Paid in Rush to Acquire Mortgage Firms

**Continued from Page 1**

300 firms.

The deals in the last month are:

• The Philadelphia Saving Fund Society acquired the mortgage banking division of Anaheim Savings and Loan Association, Calif., and its $3 billion servicing portfolio for $90 million on Oct. 3.

• Paine Webber Inc., New York, bought Rouse Real Estate Finance Inc. and its $2.2 billion servicing portfolio from the Rouse Co., Columbia, Md., for $50.5 million on Sept. 28.

• The Philadelphia Saving Fund Society reached a definitive agreement with the Northland Co., St. Paul, Minn., on Sept. 24, to acquire Northland Mortgage Co. and its $2.5 billion servicing portfolio.

• Home Owners Federal Savings and Loan Association, Boston, agreed in principle with Knutson Companies Inc., Minneapolis, on Sept. 19, to acquire Knutson Mortgage and Financial Corp. and its $1.7 billion servicing portfolio.

• Pacific First Federal Savings Bank, Tacoma, Wash., announced on Sept. 9 its plans to acquire Transamerica Mortgage Co., Walnut Creek, Calif., and its $3.1 billion servicing portfolio from Transamerica Financial Corp., Los Angeles.

Mortgage expert Lawrence J. Trautman, director of Donaldson, Lufkin & Jenrette Inc.'s mortgage banking industry practice, believes that there will be many more transactions in the near future. Last month Mr. Trautman predicted that "within the next 12 months, in excess of $150 billion in mortgage servicing will change hands. And by this time next year, three of the top 20 mortgage companies measured by servicing will be owned by parties not now in the mortgage banking business."

One of the reasons for the current wave of acquisitions in the mortgage servicing industry is that many banks and thrift institutions, in this era of deregulation, have had sizable deposit inflows. And mortgage company acquisitions are viewed as a good way to increase loan-production capability.

In addition, mortgage companies serve as a vehicle to expand across state lines in anticipation of interstate banking. Also, many financial services companies have an overall strategy of diversification, and the acquisition of mortgage companies fits into this strategy.

Donald E. Marron, president and chief executive officer of Paine Webber, said that the acquisition of Rouse Real Estate "furthers Paine Webber's strategy by vertically integrating Paine Webber's current mortgage-related business and by broadening the product line Paine Webber offers its national retail clients."

Albert H. Holgerson Jr., president of the $688 million-asset Home Owners Federal, said the Knutson acquisition "underlines Home Owners long-term strategy of expanding its mortgage-lending business into new areas of the country."

Insurance companies are also diversifying. They are reentering the residential mortgage market. They are consolidating their servicing portfolios. And, in some cases, they are entering the mortgage servicing field directly.

For example, on June 28 the Equitable Life Assurance Society of the United States, New York, paid in excess of $15 million for Arvida Mortgage Co., Clearwater, Fla. Arvida, which has a $1.3 billion servicing portfolio, is now known as Equitable National Mortgage Corp.

Another factor in the current spate of merger activity is the national economy. The economy is moving out of the recovery phase of the business cycle — which is marked by rapid growth in the housing sector — and into the stage of slower economic growth. As this occurs, housing activity tends to slow down, interest rates tend to rise, and mortgage originations decline. The result is that existing servicing portfolios increase significantly in value.

Who are the companies selling servicing portfolios?

Given the current economic conditions, medium-size mortgage companies, with approximately $200 million to $300 million in servicing, appear to be a likely group. Many companies of this size will have to expand their servicing capabilities to compete effectively with the larger servicers. Some are deciding not to invest in their servicing infrastructure. These companies will become loan origination companies.

According to Donaldson Lufkin's Larry Trautman, there is a new group of prospective sellers, which he refers to as "nontraditional sellers." These are companies, Mr. Trautman says, "that believe the prices available in today's marketplace are just too good to pass up."

### The Recent Acquisitions

The top 300 mortgage companies were servicing $410.1 billion in mortgages for others on June 30 — a gain of $65.9 billion, or 18.7%, from a year earlier. Portfolios acquired through acquisitions and mergers accounted for approximately $5.6 billion, or 8.5%, of this total.

Fifteen major acquisitions are listed below, alphabetized under the acquiring company's name.

• Central Mortgage Co., Philadelphia, a subsidiary of the Philadelphia Saving Fund Society, acquired the $288 million mortgage servicing company, First National Mortgage Corp., New Orleans, in December.

• The Colonial Savings and Loan Association, Fort Worth, Tex., which owns Fort Worth Mortgage Corp., transferred its subsidiary's $2.5 billion portfolio back to itself, effective Jan. 1.

• The Colwell Financial Corp., Los Angeles, a subsidiary of Mercury Savings & Loan Association, Wichita Falls, Tex., acquired Mountain States Financial Corp., Albuquerque, N.M., and its $260 million portfolio.

• The Commonwealth Mortgage Corp., Houston, a subsidiary of the Commonwealth Savings Association, acquired Jersey Mortgage Co., Elizabeth, N.J., and its $2 billion portfolio in the first half of this year.

• The First Commercial Mortgage Co., Little Rock, Ark., a subsidiary of First Commercial Bank NA, acquired Commercial National Mortgage Co., Little Rock, and its $200 million portfolio on Jan. 1. The latter company was a subsidiary of Commercial National

**Continued on Next Page**

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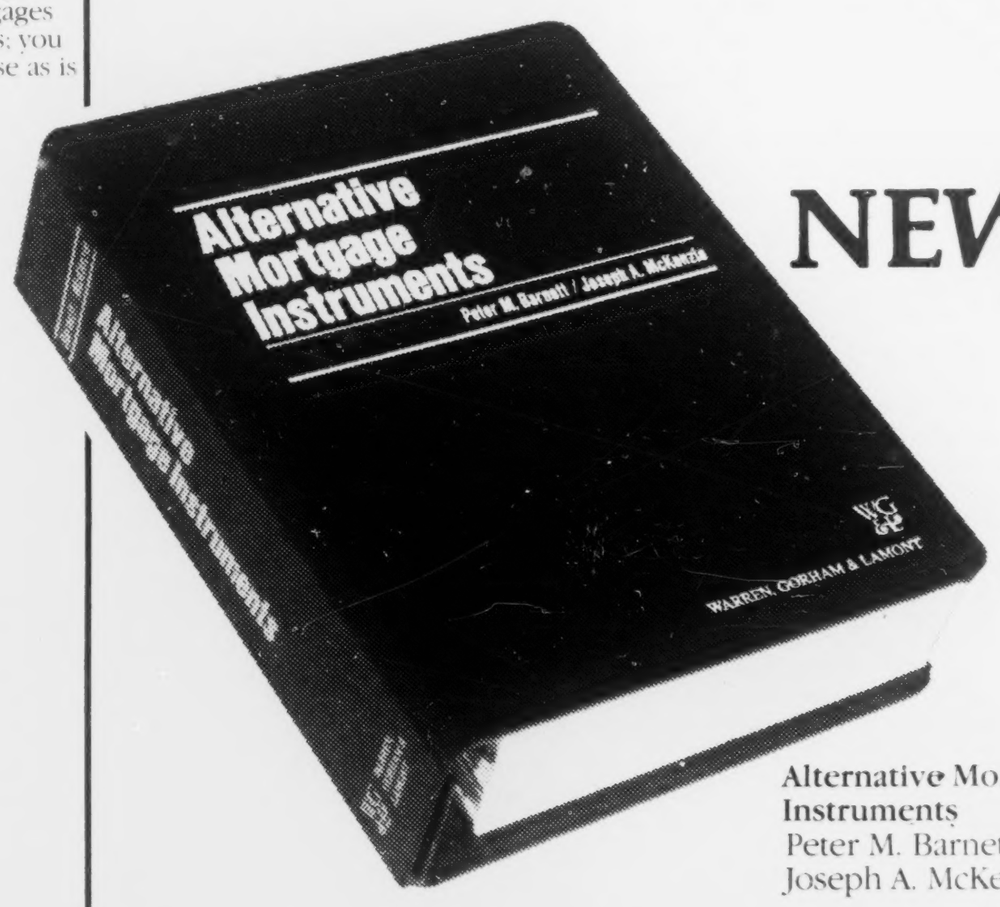


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## The Top 300 Largest Servicing Gainers

| (Dollar Amounts in Millions) | Servicing 6/30/84 | Servicing 6/30/83 | Percent Increase | Firm's Rank |
|---|---|---|---|---|
| 1 Carl I. Brown & Co., Kansas City, Mo. | 240.0 | 64.6 | 271.7 | 258 |
| 2 U.S. Bancorp. Mortgage Co., Portland, Ore. | 1,364.7 | 367.3 | 271.5 | 83 |
| 3 South Coast Mortgage Co., San Antonio, Tex | 1,000.0 | 280.4 | 256.7 | 113 |
| 4 Goldome Mortgage Corp., St. Petersburg, Fla. | 427.2 | 136.3 | 213.3 | 190 |
| 5 York Associates, Inc., Washington, D.C. | 513.3 | 211.5 | 142.7 | 169 |
| 6 Citicorp Homeowners Services, Inc., St. Louis | 5,000.0 | 2,130.3 | 134.7 | 20 |
| 7 EPIC Mortgage, Inc., Falls Church, Va. | 1,030.1 | 476.8 | 116.1 | 109 |
| 8 Equitable National Mortgage Corp., Clearwater, Fla. | 1,325.2 | 648.0 | 104.5 | 88 |
| 9 WestAmerica Mortgage Co., Englewood, Colo. | 1,215.9 | 631.0 | 92.7 | 96 |
| 10 First Commercial Mortgage Co., Little Rock, Ark. | 547.0 | 284.0 | 92.6 | 161 |

## The Top 300 Largest Servicing Losers

| (Dollar Amounts in Millions) | Servicing 6/30/84 | Servicing 6/30/83 | Percent Decrease | Firm's Rank |
|---|---|---|---|---|
| 1 U.S. Mortgage Corp., Westmont, N.J. | 234.3 | 839.7 | 72.1 | 261 |
| 2 Bancshares Mortgage Co., Spokane, Wash. | 253.0 | 420.9 | 39.9 | 252 |
| 3 Genstar Mortgage Corp., Glendale, Calif. | 2,450.4 | 3,751.6 | 34.7 | 45 |
| 4 Baird & Warner, Inc., Chicago | 494.5 | 650.0 | 23.9 | 176 |
| 5 Hancock Mortgage Corp., Gulfport, Miss. | 173.8 | 209.1 | 16.9 | 289 |
| 6 Dobson & Johnson, Inc., Nashville | 152.8 | 181.0 | 15.6 | 299 |
| 7 American Fletcher Mortgage Co., Inc., Indianapolis | 1,100.1 | 1,292.9 | 14.9 | 104 |

## Mortgage . . .

**Continued from Preceding Page**

Bank, Little Rock. That bank was acquired by First Commercial Bank NA in July 1983.

**More Acquisitions**

• The First Interstate Mortgage Co., Pasadena, Calif., a subsidiary of First Interstate Bancorp, Los Angeles, acquired its sister company, First Interstate Real Estate Services Co., Denver, and its $779 million portfolio on June 1.

• First Security Realty Services, Salt Lake City, completed its acquisition of Mission Bay Mortgage Co., San Diego, in July. Mission Bay had approximately $300 million in servicing and was acquired for roughly 2% (about $6 million) of the servicing portfolio.

• M&I Grootemaat Mortgage Corp., Milwaukee, a subsidiary of Marshall & Ilsley Corp., acquired the servicing portfolio of Grootemaat Corp. on June 29. Grootemaat had a $284 million servicing portfolio at midyear 1983.

• The Metropolitan Life Insurance Co., New York, took back its servicing portfolio from Adams/Cates Co., Atlanta, in June. Adam/Cates, which ranked 206th in servicing at midyear 1983 with a $344 million portfolio, reported a servicing volume of only $42 million on June 30, 1984.

• The NBD Mortgage Co., Troy, Mich., a subsidiary of NBD Corp., Detroit, acquired the $80 million servicing portfolio of Republic Mortgage Corp., Southfield, Mich., earlier this year.

• Rainier Financial Services Co., Seattle, a subsidiary of Rainier Bancorp., acquired the $160 million portfolio of North Pacific Mortgage Co., Seattle, in December.

**Further Acquisitions**

• The South Coast Mortgage Co., San Antonio, Tex., a subsidiary of Victoria Savings Association, Victoria, Tex., acquired Statewide City Mortgage Corp., Carmichael, Calif., and its $424 million portfolio in April.

Statewide's portfolio is included in the $1 billion servicing figure reported by South Coast to the *American Banker*. Unfortunately, Statewide reported to this paper as well; it will be omitted from future listings.

• United Jersey Bank, Hackensack, a subsidiary of United Jersey Banks, Princeton, acquired the $690 million servicing portfolio of its sister company, United Jersey Mortgage Co., in the second half of 1983.

• United Virginia Mortgage Corp., Richmond, a subsidiary of United Virginia Bank, acquired the $600 million servicing portfolio of VMI Servicing Corp. in September 1983.

• The Weyerhaeuser Mortgage Co., Los Angeles, acquired the $930 million portfolio of Mason-McDuffie Mortgage Corp., Alamo, Calif., in May. ■

## Correction

In an article and table that appeared on pp. 20-23 of the Sept. 21 Countertrade supplement, CIT International Sales Corp. was listed as headquartered in Newark, N.J. The company is based in New York City.

# Union Planters Ends Talks of Selling Investment Banking Unit to Bronfmans

Special to the American Banker

MEMPHIS — Union Planters Corp. has broken off talks with the Bronfman family of Canada on the sale of the bank holding company's investment banking group.

Reports in June of the negotiations were at first dismissed as rumors by Union Planters officials, then confirmed by the company a day later. A 75% interest in the investment banking group, Union Planters' recent profit center, would have been sold to the Bronfmans for $50 million to $60 million, according to those reports.

The Bronfmans, one of North America's wealthiest families, have interest in The Seagram Co. Ltd. of Montreal, E.I. Dupont de Nemours Co., and the Scott Paper Co. The family has declined comment on the negotiations.

The ending of the negotiations was the latest change at Union Planters since the resignation two weeks ago of chairman William M. Matthews Jr.

Richard A. Trippeer Jr., who succeeded Mr. Matthews, declined to give reasons for calling off the negotiations with the Bronfmans.

Warren G. Creighton, president of the investment banking group, said in a statement that Union Planters "will continue to explore a variety of opportunities which would enhance the future development of the investment banking group as well as serve the long-term interest of the shareholders and customers of Union Planters."

Mr. Creighton was reported to be out of town on Friday. Mr. Trippeer declined to give details on the future course of the subsidiary, which under Mr. Matthews became one of the 10 largest in the nation.

Mr. Matthews had said early this year that some company units might be sold off to make money for shareholders. He resigned Sept. 27 over poor earnings and philosophical differences with company directors. Those differences were said to include the de-emphasis of commercial lending and an increased emphasis on investment banking and high-technology products.

His departure was followed by the resignations of Wade H. Coleman 3d, who was vice chairman for only 17 days, and Rudolph H. Holmes 3d, head of Union Planters Associates Inc., the merchant banking subsidiary. Union Planters officials called those resignations "coincidental" with Mr. Matthews' departure. ■


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# American Banker

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## TODAY

**Mortgage Banking Fall Review: Part II**

Competition in the mortgage industry is keen as members battle for profit ground using a battery of new market products. Part II of our mortgage banking review begins on page ..... 11

**THRIFT SERVICING:** David LaGesse writes on the race among thrifts for mortgage servicing. Included in his report is a table (Page 18) showing the top 100 S&Ls involved in mortgage servicing. His story begins on page ..... 14

**COMMERCIAL BANK SERVICING:** Bank of America ranks first among commercial banks in mortgage servicing, but its $2.2 billion portfolio would rank it 53d among mortgage companies ..... 3

**MORATORIUM ENDS:** Comptroller of the Currency C.T. Conover said he will resume consideration of nonbank-bank applications..... 1

**SCHWAB'S ADS:** Charles Schwab & Co. plans to double its advertising in 1985, a company executive said... 1

**CARD FRAUD CRACKDOWN:** The bank card victory is celebrating a new get-tough law imposing stiff penalties on credit card counterfeiting and fraud ..... 1

**UP-TO-DATE DATA:** The Securities and Exchange Commission favors a proposal that on-line brokers display the most current sale price to a customer before he enters an order from his personal computer..... 2

**International Briefing** ..... 2

**IRA Watch**..... 2

**CHASE OFF 16%:** Chase Manhattan reports a 16% decline in third-quarter earnings, to $93 million, despite a $20 million after-tax gain..... 3

**RESTRICTIONS ON NEW CD:** The Bank Board proposes restrictions on a new type of certificate of deposit that allows a thrift institution's depositors to share in the returns from particular investments..... 3

**THE BACK PAGE:** The Mortgage Bankers Association, for the first time in 71 years, has elected a thrift executive as its president..... 32

# Schwab to Double Ad Budget

## $20 Million Will Go to Woo Those Who Like Being in Control

By LYNN BRENNER

NEW YORK — Charles Schwab & Co., the nation's largest discount broker, plans to double its advertising budget in 1985.

The BankAmerica subsidiary will spend $20 million on a new advertising campaign emphasizing discount brokerage as the choice of investors who want to make their own decisions, Hugo W. Quackenbush, senior vice president of Charles Schwab, told the annual meeting of the No-Load Mutual Fund Association last week.

Marketing

"Why are we going to spend that much?" he asked in response to an audible gasp from several audience members. "Because we have indications that 40% of full-service brokers are vulnerable to discount brokerage."

Some of those indications are in research done by the largest full-service firms, including Merrill Lynch, he added.

"I've seen some of those studies," Mr. Quackenbush said. In fact, he added, Merrill Lynch and Shearson Lehman/American Express both have quietly drawn up comprehensive plans to offer discount brokerage through subsidiaries, although no action has yet been taken on the plans.

Discount brokers typically charge lower commissions than full-service firms because they offer only execution of trades. Full-service brokers sell investment advice as well, and they include the cost of advice in their commissions.

"Initially, our advertising stressed


➳ Schwab: Page 22


# New Law Cracks Down on Card Fraud With Stiff Penalty for Counterfeiting

By ROBERT M. GARSSON

NEW YORK — The bank card industry won a hard-fought victory last week when President Reagan signed sweeping crime legislation that imposes stiff federal penalties for credit card counterfeiting and fraud.

The president of Visa International, a prime mover behind the legislation, hailed the decision of Congress to include the measure in the criminal code, rather than the truth in lending act, as was originally proposed.

"That code (the U.S. Criminal Code) and not the Truth in Lending Act, is the book on most prosecutors' desks," said Charles T. Russell, Visa's president and chief executive officer.

At present, card fraud cases are prosecuted under state laws or under the truth in lending laws.

Amy Topiel, vice president and counsel for MasterCard, also had praise for the new legislation, saying "it will definitely help controlling card counterfeiting."

Although MasterCard at first proposed that the problem be addressed with amendments to the truth in lending laws, Ms. Topiel said her association had supported the legislation which passed. MasterCard would not


➳ Fraud: Page 10


# Conover Ends Nonbank-Bank Moratorium

## Comptroller Cites Inaction By Congress on Situation

Washington Bureau

WASHINGTON — Comptroller of the Currency C.T. Conover said Monday he will resume consideration of nonbank-bank applications, thus ending a moratorium first imposed in April 1983.

That same day, one of the nation's top banking lawyers recommended that firms that receive approval for such limited-purpose banks should begin operation despite warnings from Congress that the new institutions will eventually be shut down.

In his announcement, Mr. Conover cited a lack of congressional action to prohibit or restrict the growth of nonbank banks. Because such institutions are "clearly legal" under current laws, he said, "I feel compelled to begin deciding pending applications for nonbank banks."

Mr. Conover extended the moratorium twice in order "to permit Congress the necessary time to enact broad-based legislation to modernize the legal framework for the provision of financial services," his statement said.

The need for legislation is "critical, not only for banks but also for the public that is being deprived of the benefits of a more competitive marketplace."

Congress adjourned last week. The chairmen of the House and Senate banking committees have said they expect changes in the banking laws next year that will prohibit operations by


➳ Conover: Page 31

# Bank Board Limits Use of Certificates Linked to Assets

By LISA J. Mc CUE

WASHINGTON — The Federal Home Loan Bank Board proposed restrictions Monday on a new type of certificate of deposit that allows a thrift institution's depositors to share in the returns from particular investments.

The agency said the accounts are gaining popularity among thrifts as a tool to attract longer-term deposits and thus help align the maturities of the assets and liabilities on their balance sheets. But, according to an agency staffer, the Bank Board is concerned that associations may over-use the account, or not use it wisely.

In a separate action, the agency decided to limit the investment powers of new state-chartered savings and loans that are covered by federal deposit insurance.

The three-member board adopted the previously announced insurance proposal virtually unchanged. The rule is intended to protect the Federal Savings and Loan Insurance Corp. from what the regulators consider excessive risk by state associations that have broad investment powers.

Similar concerns surround the use of the new certificates whose returns are based on the earnings of specific assets.

Christopher Bolle, a Bank Board attorney, said Monday that the board acknowledges the new deposit plan as a potentially valuable tool for attracting longer-term deposits.

➡ Bank Board:Page 30

Earnings

# Chase Reports 16% Drop in 3d-Quarter Earnings

By JOHN P. FORDE

NEW YORK — Chase Manhattan Corp. Thursday reported a 16% decline in third-quarter earnings, despite a $20 million after-tax gain from recoveries on losses arising from the collapse of Drysdale Government Securities, the government bond dealer that failed in 1982.

Chase earned $93 million in the latest three months, down from $108 million in the third quarter of 1983. The company earned $1.70 a share in the latest quarter, down from $2.76 per share in the same quarter of 1983. Chase's per-share results reflect the effect of a higher average number of outstanding shares and the effect of additional preferred shares issued with the company's purchase of Lincoln First Banks Inc.

The results of both Lincoln First and Nederlandse Credietbank, a Dutch bank that Chase acquired in the second quarter, are included in Chase's 1984 third-quarter results. Chase completed its acquisition of the Dutch bank in the second quarter and its purchase of Lincoln First on July 1.

Chase blamed the decline on an increased loan-loss provision and a $19 million hit to fully taxable equivalent net interest earnings from Argentine loans. The company actually improved on its second-quarter results, when it earned $90 million in net income.

The company set aside a $125 million provision in the third quarter, compared with the $75 million provision in the same period last year. This is the second straight quarter in which Chase has boosted its provisions by $50 million over year-earlier levels. In a statement, the company said these addition were made "in recognition of continuing uncertain conditions in certain developing countries."

As of Sept. 30, Chase had $738 million in its reserve for loan losses, or 1.17% of loans outstanding, compared with 1.02% a year earlier.

Chase's net loan chargeoffs for the third quarter were $51 million, down from $64 million in the same quarter a year earlier and from $54 million in this year's second quarter.

➡ Chase: Page 30

# Bankers Trust Lowers Prime Rate to 12¼%

NEW YORK — The Bankers Trust Co. on Monday lowered its prime rate by half a point to 12¼% from 12¾%. The move was not followed by other major banks, however.

The only other large bank to follow Bankers Trust's lead was Mitsui Manufacturers Bank, Los Angeles, which also lowered its prime lending rate to 12¼%.

Most of the nation's largest banks are quoting a 12¾% prime rate and have been since Sept. 27, when they dropped their rates by a quarter point. Some others, including San Francisco's Wells Fargo Bank & Trust Co., are quoting a 12½% prime rate.

That quarter-point drop was seen by economists as evidence that bankers did not believe the current decline in interest rates would last. Short-term interest rates have eased slightly since that time, however. For example, the rate on federal funds, a major source of bank funding, has eased to about 10⅝% from around 11% on Sept. 27.

Some economists are also starting to believe that there could be more declines on the way. For example, the Wells Fargo Economic Monitor said that "the major question probably should be at what lower level will interest rates come to rest," adding that chances of the Fed allowing interest rates to rebound "seem remote" at this time.

— John P. Forde

# BofA Top Bank in Mortgage Servicing But 53d Among Mortgage Companies

By L. MICHAEL CACACE

NEW YORK — The Bank of America, San Francisco, is the top commercial bank in mortgage servicing, with $2.2 billion at midyear. But with a portfolio of that size, BofA would rank no higher than 53d among mortgage companies.

However, if BofA's portfolio is combined with the portfolios of Seafirst Mortgage Corp., Seattle ($3 billion), and BA Mortgage & International Realty Corp., San Francisco ($427 million) — the two mortgage company subsidiaries of BofA's parent — BankAmerica Corp. becomes one of the largest mortgage servicers in the field. It ranks 17th among all mortgage companies and banks and has a combined servicing volume of $5.7 billion.

These are some of the findings of the *American Banker's* annual survey of the top 100 commercial banks in mortgage servicing published today. Also in today's edition is a new listing of the top 25 servicers among commercial banking and mortgage banking firms, based on the combined servicing in all of the parent company's servicing subsidiaries.

This new listing is a more accurate gauge of a company's standing in the mortgage servicing field. (In Monday's edition, the *American Banker* listed the top 300 mortgage companies in the field.)

Basically, as part of their loan correspondent service, mortgage companies and banks service the mortgage loans of their respondents for a fee. This servicing for others includes the collection of mortgage payments and the operational procedures covering accounting, bookkeeping, insurance, tax records, loan payment follow-up, delinquency loan follow-up, and loan analysis.

Servicing has proven to be the lucrative part of the mortgage banking business. And as reported yesterday, a siz-

➡ Mortgage: Page 28

# Two More Banks Closed, Bringing '84 Total to 65; 10th Failure in Tennessee

By ANDREW ALBERT

WASHINGTON — Poor credit judgments spelled the demise of Bucklin State Bank of Bucklin, Mo., which state regulators closed and reopened Monday as part of the United Missouri Bank of Brookfield, Mo.

It was the 65th U.S. bank to fail so far this year. Tennessee authorities registered failure No. 64 Friday, when they shut Oneida Bank & Trust Co., Oneida, Tenn.

In Missouri, state officials said the Bucklin State Bank had been on their "watch list" for about a year before they were forced to close it last week. Kenneth W. Littlefield, Missouri commissioner of finance, said heavy loan losses resulted from "poor credit judgments and policies, in terms of collateral and the repayment capacity" of borrowers.

Despite Missouri's Farm Belt location, Mr. Kenneth said the primary loan problems did not involve agricultural borrowers.

Depositors of the defunct Bucklin State Bank automatically became depositors of United Missouri, which is a subsidiary of United Missouri Bancshares Inc., Kansas City, Mo.

The one-office Bucklin State Bank, with about $15 million in assets, was the state's second bank closing this year.

United Missouri assumed about $14 million in the 3,600 deposit accounts at the failed bank. In addition, the assuming bank agreed to pay the Federal Deposit Insurance Corp. a purchase premium of $500,000.

United Missouri also purchased Bucklin State Bank's installment loans and certain other assets. As receiver, the FDIC retained about $10.3 million

➡ Failures: Page 30


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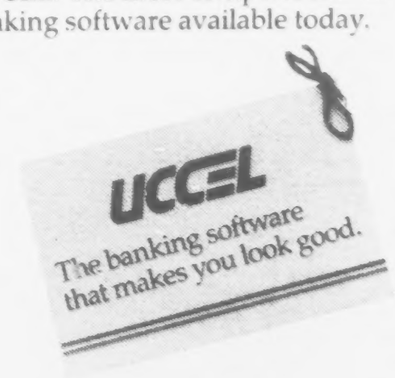


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